

Drug Intelligence Brief



DRUG ENFORCEMENT ADMINISTRATION
INTELLIGENCE DIVISION

April 2000

COSTA RICA—COUNTRY BRIEF

DEA Office Responsible Costa Rica Country Office

Population 3,398,000 (mid 1996)

Area 51,100 square kilometers
(19,730 square miles)

Capital San Jose

Type of Government Constitutional Republic

Costa Rican Top Government Officials

President Dr. Miguel Angel Rodriguez Echeverria

Vice-President Dra. Astrid Fischel Volio

Minister of Presidency and Planning Lic. Roberto Tovar Faja

Minister of Foreign Relations Ing. Roberto Rojas Lopez

Minister of Government, Police and Public Security Rogelio Ramos

Minister of Justice Lic. Monica Nagel Berger



Drug Statistics in Costa Rica 1991 - 1999

	1991	1992	1993	1994	1995	1996	1997	1998	1999
Cocaine (kilograms)	460	1,753	534	1,383	477	1,933	7,854	7,419	1,998
Heroin (kilograms)	N/A	6.6	1.8	19.3	11.2	17.0	25.0	24.5	2.0
Marijuana (kilograms)	8	32	3,789	141	1,123	451	553	305	1,357
Cannabis Plants Eradicated	N/A	665,147	453,893	203,965	402,040	110,002	176,000	731,580	2,152,648
Drug Arrests	628	525	613	504	526	624	830	688	745

HISTORICAL COMMENT

Costa Rica's current political system resulted from a brief civil war in 1948. Costa Rica remained stable from the early 1950s to the mid 1970s in part due to large-scale government spending on social programs by the ruling *Partido Liberacion Nacional* (PLN) and also to the re-incorporation of defeated ex-president Rafael Angel Calderon Guardia's followers into the political system as the major opposition party, the *Partido Unidad Social Cristiana* (PUSC). Although the PUSC managed to win several elections since 1958, the PLN remained the dominant party. Costa Rica's political system remained relatively stable throughout the country's social and economic crises of the 1980s and 1990s, as was evident through peaceful elections and alternating PLN and PUSC presidencies. Costa Rica's current president, Miguel Angel Rodriguez of the PUSC, was elected on a conservative platform of market-based economic policies and close ties with the U.S. Government.

OVERVIEW

Drug traffickers use Costa Rica as a transshipment and staging area for shipments of South American-produced cocaine and heroin destined for the United States and Europe. Costa Rica's strategic location on the Central American Isthmus makes the country an important transshipment route and, until recently, a temporary storage area for drug traffickers from Central and South America—especially Colombian-based organizations. The country's Pacific and Caribbean coastlines, as well as the Pan-American Highway, which runs the length of the country, provide transit routes, which are used heavily by traffickers. During 1997 and 1998, Costa Rican authorities seized record amounts of cocaine—over 7 metric tons during both 1997 and 1998. Faced with enhanced interdiction by Costa Rican officials, drug trafficking organizations reacted to the 1998 overland seizures by redirecting traditional road transshipment points along the Pan-American Highway to Guatemala and Mexico using go-fast boats and aircraft. The change in drug trafficking patterns resulted in a significant decrease in cocaine seizures during 1999. During 1999, however, the Costa Rican Government, working jointly with the U.S. Government, conducted extensive eradication campaigns, eliminating more than 2 million cannabis plants.

The incoming Administration of Miguel Angel Rodriguez assumed office in May 1998, and continued the efforts of the previous administration to professionalize executive branch police forces under the 1994 National Police Code. The Judicial Investigative Organization (OIJ) and the Public Prosecutor's Office enacted a new criminal code in January 1998, which required police investigators and prosecutors to work closely in all criminal cases. The most significant accomplishment of 1999 was the approval and implementation of the first six-part, comprehensive bilateral maritime counterdrug agreement in Central America. The agreement entered into force in November.

The money laundering threat in Costa Rica is difficult to quantify. In the past, Costa Rica has been attractive to traffickers because of its lax bank reporting regulations, the lack of declaration requirements in terms of the importation/exportation of currency and financial instruments, and the facilities available to foreigners for the purchase of real estate. However, the Government of Costa Rica signed the new reformed drug code into law on May 5, 1998, which significantly strengthened drug-related financial laws. Under this legislation, the Costa Rican Government established a Financial Investigations Unit (FIU) to combat money laundering. The FIU has since been accepted as a member of the Egmont Group, also known as the International Association of Financial Investigation Units, which is an international anti-money laundering network that covers the money-trading activities of nearly 50 countries. The Costa Rican FIU also has established direct relations with the Financial Crimes Network (FINCEN). The reforms continued to augment Costa Rican law enforcement's ability to address narcotics trafficking activity as well as strengthen controls within the banking sector against drug-related money laundering.

CULTIVATION AND PRODUCTION

Cannabis is grown in small plots in mountainous regions to the southwest of the Caribbean port city of Limón, especially in Sixaola, the Valle de la Estrella, and the Talamanca Mountains near the Panamanian Border and in the Valle del General near the Pacific coast. Such cultivations usually are small and are sometimes intermixed with legitimate crops, but they are numerous, especially in the Talamanca Region.

Costa Rica was selected as the first venue for the new "Central Skies" operation, which provides U.S. Department of Defense helicopters and maritime assets to Central American nations concentrating on eradication efforts. Starting on January 26, 1999, Costa Rica hosted three successful joint operations

under the Central Skies regional law enforcement effort. During Central Skies, Public Security Ministry personnel destroyed over 1.6 million cannabis plants in the mountainous regions of southern Costa Rica. In 1999, authorities eradicated a record total of 2,152,648 cannabis plants.

To date, there are no reports of coca or opium poppy cultivation in Costa Rica. No laboratories have been detected or reported in Costa Rica since 1986, when one insignificant cocaine processing laboratory was discovered.

CHEMICALS

Costa Rica does not produce controlled chemicals. The Ministry of Health is responsible for chemical control in Costa Rica. Related legislation has been in effect since 1961, but the more significant statutes, controlling the importation, reexportation, and internal usage of 46 precursor chemicals, have been in effect only since 1989. In 1996, this legislation was amended to include an additional five chemicals. Further amendments in May 1998 strengthened controls and incorporated provisions of the Organization of American States-Joint Counternarcotics Intelligence Center (OAS-CICAD) model regulation. All imports of precursor and essential chemicals must be approved in advance by the Drug Department of the Public Health Ministry, and all manufacturers of such substances must register with this ministry and submit samples. The Public Health Ministry has tracked the importation and distribution of precursor chemicals and prescription medicines for years, with comprehensive data entered into computer files. The importation, reexportation, or internal consumption of controlled chemicals requires a lengthy application and screening process, verification of necessary licensees, and background checks for prior violations. Firms also are subject to unannounced inspections, and the Ministry of Health maintains contacts with international counterparts, particularly source countries for controlled chemicals.

In September, 1999, Costa Rican Customs inspectors seized a total of 6,000 kilograms of potassium permanganate at the Port of Limón from the company, Transmerquim de Costa Rica. This company had ordered two separate shipments of 3,000 kilograms. Costa Rican authorities considered the amount excessive for legitimate uses and cited the increasing problem of redistribution once precursor chemicals enter the country.

DRUG TRAFFICKING TRENDS

The primary drug threat in Costa Rica is the transshipment of cocaine from South American source countries, particularly Colombia, to markets in North America and Europe. Costa Rica's geographical position, with both Caribbean and Pacific coastlines, and location directly north of Panama, defines its attractiveness to traffickers. Adding to its attractiveness is the Pan-American Highway, which runs the entire length of the country. Recently, drugs have entered Costa Rica via two primary methods: maritime and overland.

Maritime routes mainly have involved go-fast boats that transported cocaine from either the North Coast of Colombia or San Andres Island to the Caribbean coast of Costa Rica. Go-fast boats transport multihundred-kilogram loads of cocaine to Costa Rica, whereupon it is frequently transferred to maritime containers, concealed by perishable goods, and shipped on commercial vessels from the Port of Limón. Containers also are transported overland frequently from Limón by tractor-trailer trucks to San Jose, and then north to Guatemala via the Pan-American Highway. Large cocaine shipments are transported primarily to the Caribbean coastline near the Port of Limón, from Colombia's San Andres Island, from

Panama in go-fast boats and other small craft, and south from Nicaragua, in particular the Corn Islands and the Port of Bluefields. Maritime smuggling, mainly tied to commercial fishing, also increasingly has been detected in the Pacific ports of Puntarenas–Puerto Caldera and Golfito. Drug trafficking by go-fast boats in the eastern Pacific Ocean increased during 1999.

Much of the cocaine that is shipped overland first enters Panama in maritime containers from Colombia at the Panamanian port of Colon. The containers are then loaded onto tractor-trailers, sealed, and transported north. The Pan-American Highway is the principal overland route used by traffickers to smuggle drugs into and through Costa Rica. Due to a series of large seizures in late 1998 and early 1999, drug traffickers have changed their methods of smuggling cocaine from Panama through Costa Rica. Previously, drug traffickers concealed multihundred-kilogram shipments of cocaine in tractor-trailers in Panama. Reportedly, traffickers are reluctant to use this method, because the tractor-trailers are subjected to closer inspection in Costa Rica upon their return. Costa Rican authorities believe drug traffickers, using smaller vehicles, smuggle cocaine into Costa Rica through one of the more than 95 informal crossing points along the Pacific side of the Costa Rican-Panamanian Border. Drug traffickers also have changed the previous practice of consolidating cocaine loads in San Jose and instead are sending smaller shipments to Nicaragua as quickly as possible.

On the Atlantic side, traffickers use go-fast boats or dugout canoes to move cocaine along the coastal and riverine waterways between the two countries. Cocaine subsequently is consolidated and loaded onto tractor-trailers in Costa Rica for further transport northward. The Costa Rican Government and the Drug Control Police (PCD) have initiated procedures that focus law enforcement efforts on the northern border at Penas Blancas, which is a logical chokepoint for interdiction. Future improvements in law enforcement efforts will include a planned drug interdiction center in Penas Blancas.

In the past, the method most commonly used by traffickers to transship drugs to Costa Rica was by light aircraft. Although Costa Rica has over 200 informal or clandestine airstrips, air smuggling in Costa Rica is believed to be at an all-time low, due to the relative ease of conducting transshipment via maritime and land-based means. However, there have been reports regarding airdrops to waiting vessels off the Pacific coast of Costa Rica near the Playa del Coco area in northern Costa Rica and in the Osa Peninsula area in the south. Costa Rican authorities also are increasingly concerned about smuggling through the nation's smaller airports, which suffer from the lack of effective police control.

Apart from the marijuana eradication under Central Skies, there were three large drug seizures in Costa Rica during 1999. The first seizure netted 1,440 kilograms of marijuana on February 17, 1999, when Costa Rican police seized a large shipment of marijuana that had been dropped off on a small island in the Gulf of Nicoya. There also were two large cocaine seizures from the Paso Canoas Border Crossing that took place within a month of each other. The first seizure, which netted 441 kilograms of cocaine on February 18, resulted from the investigation of a major drug trafficking group. The second seizure, of 837 kilograms on March 3, 1999, resulted from the routine inspection of a shipment of aluminum roofing sheets entering the border city of Ciudad Neily on a truck.

Heroin is smuggled through Costa Rica by independent Colombian trafficking groups. These traffickers typically employ couriers or "mules" to carry shipments of 1 or more kilograms through Costa Rica and on to the United States. Concealment methods traditionally employed by couriers traveling on commercial airliners include body carry, ingestion, concealment in carry-on luggage, and inside the soles of shoes. Virtually all of the heroin seizures have occurred at San Jose's Santamaria International Airport, most

commonly involving flights arriving from Panama or Colombia. In 1999, Costa Rican police seized 2 kilograms of heroin, compared to 24.5 kilograms seized in 1998.

DRUG ABUSE/INTERNAL DRUG TRAFFICKING

Costa Rican drug use is mostly limited to marijuana, cocaine, and crack, primarily the latter. Both marijuana and cocaine are available readily in small quantities at nightclubs, discos, and through small-time street dealers. Crack cocaine is abused widely throughout the country (most notably in the port area of Limón on the Atlantic coast). The Costa Rican Ministry of Health announced that the number of drug addicts in Costa Rica in 1997 was 120,000 (4 percent of the country's population), up from an estimated 100,000 in 1995. An estimated 85 percent of Costa Rica's drug addicts are addicted to crack cocaine.

Colombian trafficking organizations pay local Costa Rican transporters in cocaine, which the local groups convert to crack for distribution in Costa Rica's urban areas. However, efforts by cocaine trafficking groups to bypass law enforcement efforts in San Jose and along the northern border with Nicaragua have led to a sharp reduction in the amount of cocaine available in San Jose and other Costa Rican cities. The local price for cocaine rose from US\$6 to US\$11 per gram and the price of crack cocaine doubled during 1999. This indicated a shortage of cocaine available for local consumption.

The majority of the marijuana consumed in Costa Rica is produced locally, but a small amount is smuggled from Panama into Costa Rica, primarily on the Atlantic coast.

The Ministry of Public Security has operated a local Drug Abuse Resistance Education (DARE) program since 1991. The Costa Rican program operates in 500 schools and in 1996 was chosen as the world's top international DARE program.

MONEY LAUNDERING

Costa Rica is used as both a transshipment point for drugs and as a transshipment point for bulk shipments of cash. Prior to antimoney laundering legislation passed in May 1998, money laundering was a serious problem in Costa Rica. The lack of declaration regulations pertaining to the importation/exportation of currency or financial instruments, the lack of transaction reporting requirements by financial institutions, and a loosely regulated banking sector contributed substantially to Costa Rica's vulnerability to money laundering. Traditional laundering vehicles, such as casinos and currency exchange houses, are abundant in Costa Rica and also were regulated loosely. The May 1998 legislation addressed many of the loopholes in the Costa Rican banking system, and created a FIU. In January 1999, Costa Rica applied for membership in the Egmont Group and became a member in August 1999.

PRICES

Costa Rican Government sources report that marijuana sells for as little as US\$0.45 per dosage unit and US\$93 to US\$140 per pound.

The street price of cocaine is approximately US\$11 per gram in San Jose, up from previously reported prices of US\$4 to US\$6 per gram. Cocaine is available widely along the Panamanian border and the Atlantic coastline. It can be purchased for as little as US\$3 per gram.

The OIJ estimates the price of Colombian heroin in Costa Rica to be between US\$100,000 and US\$200,000 per kilogram.

COUNTERDRUG ENFORCEMENT

The Ministry of Public Security of Costa Rica controls the Public Forces, which has 3,000 officers, and the Border Guard, which has 2,000 officers. The primary counterdrug agencies in Costa Rica are the OIJ and the PCD. Costa Rican law allows for drug-related wiretaps, undercover operations, and controlled deliveries, all of which occur routinely.

The PCD falls under the Ministry of Public Security. This unit is composed of approximately 70 officers in the central San Jose-based unit, with smaller units stationed in rural areas. The PCD has seven 5- to 7-man delegations in Costa Rica's larger outlying cities. The PCD is responsible for airport interdiction as well as for land-based interdiction at the primary points of entry.

The OIJ falls under the Costa Rican Supreme Court of Justice. This organization contains a 12-man narcotics unit based at its headquarters in San Jose, which in February 1999, was upgraded to 30 officers. Additionally, most of the OIJ delegations in the rural areas throughout the country have from one to two agents assigned to drug enforcement. The OIJ also is equipped with a financial investigation office in San Jose. The OIJ is adept at complex investigations and bears the responsibility of conducting follow-up investigations of all drug cases nationwide.

The Ministry of Public Security commissioned the first of four mobile police stations in December 1998. These stations are self-supporting units built in the trailers of tractor-trailer trucks. They have rooms for booking suspects, computer access to the OIJ's main computer system, and living quarters for eight police officers. The stations are escorted by other police vehicles when traveling outside San Jose.

As required by the new anti-money laundering legislation passed in May, 1998, the Government of Costa Rica established a FIU, which is comprised of Costa Rican prosecutors; investigators from OIJ and PCD, supported by elements of the Banking Regulatory Commission; Customs Police; and Intelligence officials. The FIU is attached to, and supervised by, the Joint Counternarcotics Intelligence Center (CICAD). Upon identifying activities that may constitute drug money laundering, CICAD must report such information to the Public Prosecutor's Office for possible prosecution. In appropriate cases, prosecutors may seek measures such as the freezing or confiscation of assets and bank accounts. All suspicious activity reports, by law, are forwarded from the Costa Rican equivalent of the U.S. Internal Revenue Service to the FIU for follow-up.

The Fiscal Police fall under Costa Rican Customs and are responsible for investigating tax fraud cases. It is the only agency with the authority to open containerized cargo without a court order.

LEGISLATION, TREATIES, CONVENTIONS

On December 1, 1998, the U.S. and Costa Rican representatives signed the Bilateral Maritime Counterdrug Agreement, also known as the "Ship-Riders Agreement," and companion Memorandum of Understanding. The bilateral maritime treaty was passed by the Costa Rican Legislative Assembly and went into effect in November 1999. The treaty is the only comprehensive agreement of its kind between the United States and a Central American country, and will assure closer cooperation in the interdiction of maritime smuggling. On January 3, 2000, the U.S. Government donated an 82-foot Coast Guard cutter to

the Costa Rican Government in a ceremony held in the Pacific Port of Puntarenas. This was the first major action implementing the Bilateral Maritime Counterdrug Agreement. The first important joint exercise between the United States and Costa Rica under the maritime agreement was conducted at the beginning of March 2000.

Other important agreements between the United States and Costa Rica finalized in 1999 included a bilateral memorandum of understanding on maritime cooperation and assistance, under which the United States agreed to take steps toward securing equipment, technical assistance, and training for the Costa Rican Coast Guard and Air Service. A stolen vehicles treaty ratified in June, 1999, was another important achievement in U.S.-Costa Rican bilateral relations.

The new reformed drug code that was signed into law on May 5, 1998, contains improved drug-related financial legislation. The new law establishes strict controls against money laundering that apply to domestic financial entities, the stock market, pension plans, and "offshore" institutions. The law requires these financial entities to identify potential customers, especially when commercial transactions or deposits of more than US\$10,000 are involved. Financial entities must maintain records of all transactions and identification documents of customers for 5 years, and may not create anonymous or fictitious accounts. Institutions must provide information regarding specific accounts when requested by judges and may not divulge the existence of such requests for information. Institutions also must maintain registers of all deposits and withdrawals above US\$10,000 in value, including smaller transactions performed by an individual on the same day that cumulatively exceed that threshold. Financial entities must immediately report all suspicious transactions to the appropriate regulatory agency. All travelers entering or departing Costa Rica must declare currency in their possession that exceeds US\$10,000 in value, as well as stocks valued over US\$50,000.

CONCLUSIONS/PROJECTIONS

Colombian trafficking groups will continue to attempt to use Costa Rica as a major transshipment point for cocaine, although their methods and routes changed in 1999. Smaller cocaine shipments (100 kilograms or less) will continue to enter Costa Rica overland across the Panamanian border and by go-fast boat to the Caribbean coast. Although cocaine is currently in short supply in Costa Rica, it is still present. Costa Rican society will continue to suffer from drug addiction, especially from crack addicts on the Atlantic coast and in San Jose.

The prospects for successful interdiction campaigns and the prosecuting of traffickers, while difficult, are better for Costa Rica than they are elsewhere in Central America. The OIJ is more professional than its Central American counterparts, and Costa Rican law enforcement institutions enjoy a good working relationship with law enforcement agencies from other nations, including the United States. Costa Rica does not have a history of armed conflict, and thus does not have large groups of demobilized guerrillas and soldiers who need to be reincorporated into its society. The Costa Rican judicial system functions more effectively than do the judicial systems in the rest of Central America, and there is a lower incidence of judicial and police corruption. The Rodriguez Administration is determined to fight drug trafficking and has demonstrated a willingness to cooperate with the United States. The Bilateral Maritime Counterdrug Agreement between the United States and Costa Rica represents a formalized level of cooperation that is unique in Central America.

The single crossing between Costa Rica and Nicaragua at Penas Blancas provides a unique opportunity for law enforcement officials to reduce overland cocaine trafficking through Central America. This was exploited in 1998 and 1999 with excellent results. All overland traffic, especially large trucks, must pass through Penas Blancas to exit or enter Costa Rica's northern border. There are no secondary crossing points and no alternative routes for overland traffic to bypass the main crossing, as is the case with Paso Canoas. To the east of Penas Blancas is swampland that eventually leads to Lake Nicaragua; to the west are steep hills that lead to the Pacific Ocean. A determined and continuous cargo inspection program in Penas Blancas greatly reduced the ability of trafficking groups to use Costa Rica as a staging area for large overland shipments. As of January 1999, the PCD installed a permanent office at Penas Blancas with assistance from the Drug Enforcement Administration, and the U.S. Department of State. This promises to bring further success in the interdiction of drug shipments on the Costa Rican–Nicaraguan border.

This report was prepared by the Mexico/Central America Unit of the Office of International Intelligence. Comments and requests for copies are welcome and may be directed to the Intelligence Production Unit, Intelligence Division, DEA Headquarters, at (202) 307-8726.